

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

Case No. AC-2002-14

DAVID H. CHANG
3435 Wilshire Blvd., Suite 2820
Los Angeles, CA 90010

Respondent.

DECISION AND ORDER

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on December 21, 2003.

It is so ORDERED November 21, 2003.



FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

1 BILL LOCKYER, Attorney General
of the State of California
2 MARC D. GREENBAUM, State Bar No. 138213
Deputy Attorney General
3 California Department of Justice
300 So. Spring Street, Suite 1702
4 Los Angeles, CA 90013
Telephone: (213) 897-2579
5 Facsimile: (213) 897-2804

6 Attorneys for Complainant

7 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
8 **DEPARTMENT OF CONSUMER AFFAIRS**
9 **STATE OF CALIFORNIA**

10 In the Matter of the Accusation Against:

Case No. AC-2002-14

11 **DAVID H. CHANG**
12 **3435 Wilshire Blvd., Suite 2820**
Los Angeles, CA 90010

13 **Certified Public Accountant No. CPA 47845**

14 **Respondent.**

**STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER**

15
16 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the
17 above-entitled proceedings that the following matters are true:

18 **PARTIES**

19 1. Carol Sigmann (Complainant) is the Executive Officer of the California
20 Board of Accountancy. She brought this action solely in her official capacity and is represented
21 in this matter by Bill Lockyer, Attorney General of the State of California, by Marc D.
22 Greenbaum, Deputy Attorney General.

23 2. David H. Chang (Respondent) is representing himself in this proceeding.

24 3. On or about May 29, 1987, the California Board of Accountancy issued
25 Certified Public Accountant No. CPA 47845 to Respondent. The Certified Public Accountant
26 Certificate will expire on August 31, 2003.

27 //

28 //

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

2
3
4
5
6
7

8

9
10
11

12
13
14
15
16
17
18

19
20

21

22
22

24

25

26

27

29

1

2

(

—

1

20

2

2.

2

1 the Respondent shall engage in no activities for which certification as a Certified Public
2 Accountant or Public Accountant is required as described in Business and Professions Code,
3 Division 3, Chapter 1, Section 5051.

4 2. **Obey All Laws.** Respondent shall obey all federal, California, other
5 states' and local laws, including those rules relating to the practice of public accountancy in
6 California.

7 3. **Submit Written Reports.** Respondent shall submit, within ten (10) days
8 of completion of the quarter, written reports to the Board on a form obtained from the Board.
9 The Respondent shall submit, under penalty of perjury, such other written reports, declarations,
10 and verification of actions as are required. These declarations shall contain statements relative to
11 Respondent's compliance with all the terms and conditions of probation. Respondent shall
12 immediately execute all release of information forms as may be required by the Board or its
13 representatives.

14 4. **Personal Appearances.** Respondent shall, during the period of probation,
15 appear in person at interviews/meetings as directed by the Board or its designated
16 representatives, provided such notification is accomplished in a timely manner.

17 5. **Comply With Probation.** Respondent shall fully comply with the terms
18 and conditions of the probation imposed by the Board and shall cooperate fully with
19 representatives of the Board of Accountancy in its monitoring and investigation of the
20 Respondent's compliance with probation terms and conditions.

21 6. **Practice Investigation.** Respondent shall be subject to, and shall permit,
22 practice investigation of the Respondent's professional practice. Such a practice investigation
23 shall be conducted by representatives of the Board, provided notification of such review is
24 accomplished in a timely manner.

25 7. **Comply With Citations.** Respondent shall comply with all final orders
26 resulting from citations issued by the Board of Accountancy.

27 8. **Tolling of Probation For Out-of-State Residence/Practice.** In the event
28 Respondent should leave California to reside or practice outside this state, Respondent must

1 notify the Board in writing of the dates of departure and return. Periods of non-California
2 residency or practice outside the state shall not apply to reduction of the probationary period, or
3 of any suspension. No obligation imposed herein, including requirements to file written reports,
4 reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise
5 affected by such periods of out-of-state residency or practice except at the written direction of the
6 Board.

7 **9. Ethics Course/Examination.** Respondent shall take and pass with a score
8 of 90 percent or better a Board approved ethics examination within the first six months of
9 probation.

10 If Respondent fails to pass said examination within the time period provided or
11 within two attempts, Respondent shall so notify the Board and shall cease practice until
12 Respondent takes and successfully passes said exam, has submitted proof of same to the Board,
13 and has been notified by the Board that he may resume practice. Failure to pass the required
14 examination no later than 100 days prior to the termination of probation shall constitute a
15 violation of probation.

16 Notwithstanding any other provision of this probation, failure to take and pass this
17 examination within five years of the effective date of this order constitutes a separate cause for
18 discipline of Respondent's license.

19 **10. Continuing Education Courses.** Respondent shall complete 24 hours of
20 professional education courses as specified by the Board or its designee at the time Respondent's
21 first probation appearance. The professional education courses shall be completed within a
22 period of time designated and specified in writing by the Board or its designee, which time-frame
23 shall be incorporated as a condition of this probation. This shall be in addition to the 80 hours
24 required for renewal of the license.

25 Failure to satisfactorily complete the required courses as scheduled or failure to
26 complete same no later than 100 days prior to the termination of probation shall constitute a
27 violation of probation.

28 **11. Active License Status.** Respondent shall at all times maintain an active

1 license status with the Board, including during any period of suspension. If the license is expired
2 at the time the Board's decision becomes effective, the license must be renewed within 30 days of
3 the effective date of the decision.

4 12. **Cost Reimbursement.** Respondent shall reimburse the Board ten
5 thousand one hundred forty (\$10,140.00) for its investigation and prosecution costs. Equal
6 quarterly payments of one thousand one hundred forty dollars (\$1,140.00) shall be made
7 beginning the first quarter and final quarterly payment shall be made six months prior to
8 expiration of probation period.

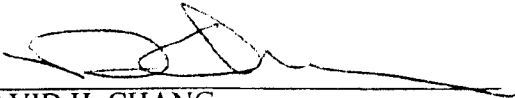
9 13. **Violation of Probation.** If Respondent violates probation in any respect,
10 the Board, after giving Respondent notice and an opportunity to be heard, may revoke probation
11 and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke
12 probation is filed against Respondent during probation, the Board shall have continuing
13 jurisdiction until the matter is final, and the period of probation shall be extended until the matter
14 is final.

15 14. **Completion of Probation.** Upon successful completion of probation,
16 Respondent's license will be fully restored.

17 **ACCEPTANCE**

18 I have carefully read the Stipulated Settlement and Disciplinary Order. I
19 understand the stipulation and the effect it will have on my Certified Public Accountant license.
20 I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and
21 intelligently, and agree to be bound by the Decision and Order of the California Board of
22 Accountancy.

23 DATED: 9-8-2003

24
25
26 
27 DAVID H. CHANG
28 Respondent

1
2
3
4
5
6
7
8
9
0
1
2
3
4
5
6
7
8
9
0
1
2
3
4
5
6
7
8

alrs.

DATED: 9/23/03

Marc D. Greenbaum
MARC D. GREENBAUM
Deputy Attorney General

DOJ Docket/Matter ID Number: 03541110-LA2003AD0025
60005866.wpd

Exhibit A
Accusation No. AC-2002-14

1 BILL LOCKYER, Attorney General
of the State of California
2 MARC D. GREENBAUM, State Bar No. 138213
Deputy Attorney General
3 California Department of Justice
300 So. Spring Street, Suite 1702
4 Los Angeles, CA 90013
Telephone: (213) 897-2579
5 Facsimile: (213) 897-2804
6 Attorneys for Complainant

7
8 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
9 **STATE OF CALIFORNIA**

10 In the Matter of the Accusation Against:

Case No. AC-2002-14

11 DAVID H. CHANG
12 3435 Wilshire Blvd., Suite 2820
13 Los Angeles, CA 90010

A C C U S A T I O N

14 Certified Public Accountant No. CPA 47845

15 Respondent.

16 Complainant alleges:

17 **PARTIES**

18 1. Carol Sigmann (Complainant) brings this Accusation solely in her official
19 capacity as the Executive Officer of the California Board of Accountancy, Department of
20 Consumer Affairs.

21 2. On or about May 29, 1987, the California Board of Accountancy issued
22 Certified Public Accountant No. CPA 47845 to David H. Chang (Respondent). The Certified
23 Public Accountant Certificate will expire on August 31, 2003.

24 **JURISDICTION**

25 3. This Accusation is brought before the California Board of Accountancy
26 (Board), Department of Consumer Affairs, under the authority of the following laws. All section
27 references are to the Business and Professions Code unless otherwise indicated.

28 ///

1 4. Section 5100 states:

2 "After notice and hearing the board may revoke, suspend or refuse to renew any
3 permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5
4 (commencing with Section 5080), or may censure the holder of that permit or certificate for
5 unprofessional conduct which includes, but is not limited to, one or any combination of the
6 following causes:

7

8 "(b) A violation of Section 478, 498, or 499 dealing with false statements or
9 omissions in the application for a license, or in obtaining a certificate as a certified public
10 accountant or in obtaining registration under this chapter or in obtaining a permit to practice
11 public accountancy under this chapter.

12

13 "(g) Willful violation of this chapter or any rule or regulation promulgated by the
14 board under the authority granted under this chapter."¹

15 5. Section 478 states:

16 "(a) As used in this division, "application" includes the original documents or
17 writings filed and any other supporting documents or writings including supporting documents
18 provided or filed contemporaneously, or later, in support of the application whether provided or
19 filed by the applicant or by any other person in support of the application.

20 (b) As used in this division, "material" includes a statement or omission
21 substantially related to the qualifications, functions, or duties of the business or profession."

22 6. Section 498 states:

23 "A Board may revoke, suspend, or otherwise restrict a license on the ground that
24 the licensee secured the license by fraud, deceit, or knowing misrepresentation of a material fact
25 or by knowingly omitting to state a material fact."

26

27

28 1. Formerly Business and Professions Code Section 5100(f).

1 7. California Code of Regulations, title 16, section 87, states:

2 "(a) 80 hours. As a condition of active status license renewal, a licensee shall
3 complete at least 80 hours of qualifying continuing education as described in Section 88 in the
4 two-year period immediately preceding license expiration, and meet the reporting requirements
5 specified in subsection (a) of Section 89. A licensee engaged in the practice of public
6 accountancy as defined in Section 5051 of the Business and Professions Code is required to hold
7 a license in active status. No carryover of continuing education is permitted from one two-year
8 license renewal period to another.

9

10 (c) Accounting and Auditing Continuing Education Requirement. A licensee who
11 engages in planning, directing, performing substantial portions of the work, or reporting on an
12 audit, review, compilation, or attestation service, shall complete 24 hours of the 80 hours of
13 continuing education required pursuant to subsection (a) in the course subject matter specified in
14 this subsection. Course subject matter must pertain to financial statement preparation and/or
15 reporting (whether such statements are prepared on the basis of generally accepted accounting
16 principles or other comprehensive bases of accounting), auditing, reviews, compilations, industry
17 accounting, attestation services, or assurance services. This continuing education shall be
18 completed in the same two-year license renewal period as the report is issued. This requirement
19 applies to licensees who renew their licenses after July 1, 1998."

20 8. California Code of Regulations, title 16, section 89, states:

21 "(a) Upon renewal, a licensee who is required, pursuant to Section 87, to obtain
22 continuing education must provide a written statement, signed under penalty of perjury,
23 certifying that the requisite number of continuing education hours has been obtained. The
24 licensee shall disclose the following information concerning courses or programs claimed as
25 qualifying continuing education:

26 (1) Course title or description

27 (2) Date of completion

28 (3) Name of school, firm or organization providing the course or program

1 (4) Method of study, i.e., whether course or program is self-study or live
2 presentation

3 (5) Number of hours earned.

4

5 (c) If continuing education credit for attending a continuing education course is
6 claimed, the licensee shall obtain and retain for four years after renewal a certificate of
7 completion or its equivalent disclosing the following information:

8 (1) Name of licensee in attendance

9 (2) School, firm or organization conducting course

10 (3) Location of course attended

11 (4) Title of course or description of content

12 (5) Dates of attendance except when the licensee attended a course for academic
13 credit given by a college, university, or other institution of higher learning accredited by an
14 association recognized by the Secretary of the United States Department of Education, in which
15 case the applicant may provide evidence of a grade of pass or "credit" to satisfy this requirement.

16 (6) Number of hours of actual attendance except when the licensee attended a
17 course for academic credit given by a college, university, or other institution of higher learning
18 accredited by an association recognized by the Secretary of the United States Department of
19 Education, in which case the applicant may provide evidence of a grade of pass or credit to
20 satisfy this requirement.

21

22 (k) A licensee's willful making of any false or misleading statement, in writing,
23 regarding his or her continuing education shall constitute cause for disciplinary action pursuant to
24 section 5100(f) of the Accountancy Act."

25 9. Section 5107 provides, in pertinent part, that the Board's Executive
26 Officer may request the administrative law judge, as part of the proposed decision in a
27 disciplinary proceeding, to direct a Respondent found to have committed specified acts of
28 unprofessional conduct to pay to the Board all reasonable costs of investigation and prosecution.

1 FIRST CAUSE FOR DISCIPLINE

2 (False Statements or Omissions in Obtaining a License)

3 10. Respondent is subject to disciplinary action under section 5100(b), for
4 violating California Code of Regulations, title 16, section 498, in that Respondent violated the
5 California Accountancy Act by providing false information on his renewal applications and
6 failed to meet the continuing education requirements, as more fully set forth below:

7 Renewal period of August 31, 1999

8 A. Respondent provided statements under penalty of perjury that the
9 information contained in his application for the renewal period of August 31, 1999, was true and
10 correct. However, the questionnaire completed by Respondent and submitted with his renewal
11 application contained omissions and false responses. More specifically, Respondent:

12 B. Indicated that he did not issue financial reports and was not practicing
13 public accountancy, when in fact, Respondent submitted an audit report that was issued on
14 March 12, 1999, to the Board, which was within 24 months prior to the renewal of August 31,
15 1999.

16 C. Completed and stated on his application that he could verify 80 hours of
17 continuing education during the two years preceding the renewal date of August 31, 1999, when,
18 in fact, Respondent has only provided course completion certificates for 60 hours of the 80 hours
19 required.

20 SECOND CAUSE FOR DISCIPLINE

21 (Failure to Complete Continuing Education Requirements/Falsely Certified Completion)

22 11. Respondent is subject to disciplinary action under section 5100(g) for
23 violating California Code of Regulations, title 16, section 87 and 89, as more fully set forth
24 below:

25 Renewal period of August 31, 1999

26 A. Respondent failed to complete 80 hours of qualifying continuing education
27 required by section 87(a) and 87(c), in that Respondent was subject to the accounting and
28 auditing (A & A) continuing education requirements (24 hours in A & A subjects), as part of the

1 80 hours of basic continuing education. Respondent, on his renewal application form, listed 80
2 hours of continuing education, with 20 hours in A & A subjects, but only provided
3 documentation to support completion of 60 hours of the basic continuing education, but none of
4 the hours were A & A subjects.

5 B. Respondent signed, under penalty of perjury, and falsely certified
6 completion of 80 hours of qualifying continuing education, in violation of section 89(a) and
7 failed to retain proof of completion of continuing education for which he claimed credit, in
8 violation of section 89(c).

9 Renewal period of August 31, 2001

10 C. Respondent failed to complete 80 hours of qualifying continuing
11 education, prior to the expiration of the renewal period required by section 87(a), in that
12 Respondent had applied for an active status license, requiring 80 hours of basic continuing
13 education. Respondent, on his renewal application form, failed to list or provide documentation
14 to support completion of 80 hours of basic continuing education courses for the renewal
15 completion period of August 31, 2001.

16 PRAYER

17 WHEREFORE, Complainant requests that a hearing be held on the matters herein
18 alleged, and that following the hearing, the California Board of Accountancy issue a decision:

19 1. Revoking, suspending or otherwise imposing discipline on Certified
20 Public Accountant No. CPA 47845, issued to David H. Chang;

21 2. Ordering David H. Chang to pay the California Board of Accountancy the
22 reasonable costs of the investigation and enforcement of this case, pursuant to Business and
23 Professions Code section 5107;

24 ///

25 ///

26 ///

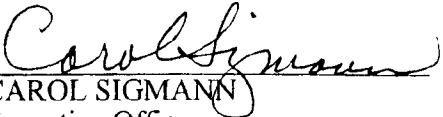
27 ///

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

3. Taking such other and further action as deemed necessary and proper.

DATED: May 12, 2003


CAROL SIGMANN
Executive Officer
California Board of Accountancy
Department of Consumer Affairs
State of California
Complainant

03541110-LA2002AD0025
acc-chang-greenbaum wpd
jz